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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SYSCAN, INC.,
Plaintiff,

vs.

PORTABLE PERIPHERAL CO., LTD.,
PENPOWER TECHNOLOGY LTD.,
INC., IMAGE RECOGNITION
INTEGRATED SYSTEMS, INC.,
CARDREADER INC., AND TARGUS
INC.,
Defendants.

CASE NO. C03-2367 VRW

**STIPULATION AND [PROPOSED] ORDER
FOR DISMISSAL WITH PREJUDICE OF THE
FIRST AND SECOND COUNTS OF
PLAINTIFF SYSCAN, INC.'S COMPLAINT
RELATING TO UNITED STATES PATENT
NOS. 6,054,707 & 6,275,309 IN WHOLE AND
UNITED STATES PATENT NO. 6,459,506 IN
PART AND DISMISSAL WITHOUT
PREJUDICE OF DEFENDANT'S FIRST
THROUGH FOURTH COUNTERCLAIMS**

Pursuant to Federal Rule of Civil Procedure 41(a)(1), Plaintiff Syscan, Inc. ("Syscan"), by and through its counsel of record, and Defendants Portable Peripheral Co., Ltd., Card Reader Inc., Targus Inc., and Image Recognition Integrated Systems, Inc. (collectively "Defendants"), by and through their counsel of record, agree and stipulate as follows:

(1) the First and Second Counts of Syscan's Complaint for Patent Infringement and Unfair Competition (the "Complaint") relating to United States Patent No. 6,054,707 (the "'707 Patent") are hereby dismissed with prejudice, as Syscan has withdrawn with prejudice each and every allegation against the Defendants relating to the '707 Patent made in Paragraphs 15-18, 20, 21, and 22-27 of the Complaint;

(2) the First and Second Counts of the Complaint relating to United States Patent No. 6,275,309 (the "'309 Patent") are hereby dismissed with prejudice, as Syscan has withdrawn with prejudice each and every allegation against the Defendants relating to the '309 Patent made in Paragraphs 15-18, 20, 21, and 22-27 of the Complaint;

(3) the First and Second Counts of the Complaint relating to United States Patent No. 6,459,506 (the "'506 Patent") with respect to Defendants' A-8 scanners are hereby dismissed with prejudice, as Syscan has withdrawn with prejudice each and every allegation against the Defendants relating to the '506 Patent made in Paragraphs 17-18 of the Complaint and has also withdrawn with prejudice each and every allegation against the Defendants made in Paragraphs 20, 21 and 22-27 of the Complaint to the extent that such allegations relate to the manufacture, use, sale, offer for sale or importation into the United States of the A-8 scanners referenced in Paragraphs 17-18 of the Complaint;

(4) the First and Second Counterclaims of Defendants' Answer and Counterclaim relating to the '707 Patent are hereby dismissed without prejudice; and

(5) the Third and Fourth Counterclaims of Defendants' Answer and Counterclaim relating to the '309 Patent are hereby dismissed without prejudice; and

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(5) except as set forth in the aforesaid dismissal, each party reserves all other rights it has with respect to the other parties.

DATED: September 14, 2006

By /s/ Yung Ming Chou

Yung-Ming Chou
Attorneys for Plaintiff
SYSCAN, INC.

DATED: September 19, 2006

PAUL, HASTINGS, JANOFSKY & WALKER LLP

By /s/ Maxwell A. Fox

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Terry D. Garnett
Attorneys for Defendants
PORTABLE PERIPHERAL CO., LTD., CARD
READER INC., TARGUS INC., AND IMAGE
RECOGNITION INTEGRATED SYSTEMS, INC.

ORDER

IT IS SO ORDERED.

Dated: 9/22, 2006



Vaughn R. Walker
United States District Judge

ATTESTATION

I hereby attest that I have on file all holograph signatures for any signatures indicated by a "conformed" signature (/S/) within this efiled document.

DATED: September 19, 2006 PAUL, HASTINGS, JANOFISKY & WALKER LLP

By /s/ Maxwell A. Fox

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